

AMENDED IN ASSEMBLY APRIL 20, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1192**

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**Introduced by Assembly Member Audra Strickland**

February 27, 2009

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An act to add Section 37113 to the Government Code, relating to cities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1192, as amended, Audra Strickland. Cities: powers.

Existing law authorizes a board of trustees, city council, or other governing body of a city, defined as a legislative body, to pass ordinances not in conflict with state or federal law and the state or federal constitution.

This bill would prohibit a legislative body from ~~passing an ordinance creating an entity for the purpose of having the entity issue debt to fund a public improvement project with the legislative body making lease payments or other periodic payments to the entity that are used to repay the entity's debt~~ *selling or leasing any existing public improvement to a private or public entity, including any entity controlled by the city, for the purposes of renting or leasing back, or repurchasing through installment payments that existing public improvement*. This bill would also declare that this prohibition is a matter of statewide concern, thus making it applicable to charter and general cities.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 37113 is added to the Government Code,*  
2     *to read:*

3     *37113. The legislative body of a city, including a charter city*  
4     *or city and county, shall not sell or lease any existing public*  
5     *improvement to a private or public entity, including an entity*  
6     *controlled by the city, for the purposes of renting or leasing back,*  
7     *or repurchasing through installment payments that existing public*  
8     *improvement.*

9     *SEC. 2. The Legislature finds and declares that the usual*  
10    *purpose of those arrangements is to evade the constitutional*  
11    *requirement of voter approval for new debt. The Legislature further*  
12    *finds and declares that increasing the debt to be serviced by*  
13    *California taxpayers without their approval impairs the financial*  
14    *health of cities, and the state as a whole, and therefore, this act*  
15    *pertains to an issue of statewide concern and is not purely a*  
16    *municipal affair, as that term is used in Section 5 of Article XI of*  
17    *the California Constitution.*

18    ~~SECTION 1. Section 37113 is added to the Government Code,~~  
19    ~~to read:~~

20    ~~37113. A legislative body shall not create an entity for the~~  
21    ~~purpose of having the entity issue bonds or any other debt~~  
22    ~~instrument to fund a public improvement project with the~~  
23    ~~legislative body making lease payments or other periodic payments~~  
24    ~~to the entity that are used to repay the bonds or debt instrument.~~

25    ~~SEC. 2. The Legislature finds and declares that the financial~~  
26    ~~stability of individual cities, as impacted by their engaging in~~  
27    ~~certain kinds of financial arrangements to incur debt, effects the~~  
28    ~~financial health of the state as a whole, and therefore this act~~  
29    ~~pertains to an issue of statewide concern and does not relate to~~  
30    ~~municipal affairs, as that term is used in Section 5 of Article XI~~  
31    ~~of the California Constitution.~~